

HOUSE BILL NO. 611

INTRODUCED BY JONES, GLASER, AUGARE, MEHLHOFF

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR THE DEPOSIT OF INTEREST AND INCOME MONEY FROM THE MANAGEMENT OF SCHOOL TRUST LANDS AND THE PERMANENT FUND IN EXCESS OF THE AMOUNT OF INTEREST AND INCOME MONEY GENERATED IN CALENDAR YEAR 2011 INTO CERTAIN ACCOUNTS; AMENDING SECTIONS 20-9-342, 20-9-543, AND 20-9-622, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 20-9-342, MCA, is amended to read:

"20-9-342. Deposit of interest and income money by state board of land commissioners. The state board of land commissioners shall annually deposit:

(1) an amount equal to the interest and income money for each generated in calendar year 2011 into the guarantee account; provided for in 20-9-622; for state equalization aid by the last business day of February following the calendar year in which the money was received; and

(2) any interest and income money in excess of the amount of interest and income money generated in calendar year 2011 as follows:

(a) 35% into the guarantee account provided for in 20-9-622;

(b) 50% 55% into the school facility improvement account provided for in 20-9-516; and

(c) 45% 10% percent into the school flexibility account provided for in 20-9-542."

Section 2. Section 20-9-543, MCA, is amended to read:

"20-9-543. School flexibility fund -- uses. (1) (a) The trustees of a district shall establish a school flexibility fund and may use the fund, in their discretion, for school district expenditures incurred for:

(i) technological equipment enhancements and expansions considered by the trustees to support enhanced educational programs in the classroom;

(ii) facility expansion and remodeling considered by the trustees to support the delivery of educational programs or the removal and replacement of obsolete facilities;

(iii) supplies and materials considered by the trustees to support the delivery of enhanced educational programs;

(iv) student assessment and evaluation;

(v) the development of curriculum materials;

(vi) training for classroom staff considered by the trustees to support the delivery of enhanced educational programs;

(vii) purchase, lease, or rental of real property that must be used to provide free or reduced price housing for classroom teachers;

(viii) salaries, benefits, bonuses, and other incentives for the recruitment and retention of classroom teachers and other certified staff, subject to collective bargaining when applicable; or

(ix) increases in energy costs caused by an increase in energy rates from the rates paid by the district in fiscal year 2001 or from increased use of energy as a result of the expansion of facilities, equipment, or other resources of the district.

(b) If the district's ANB calculated for the current fiscal year is less than the ANB for the current fiscal year when averaged with the 4 previous fiscal years, the district may use money from the school flexibility fund to phase in over a 5-year period the spending reductions necessary because of the reduction in ANB.

(2) The trustees of a district shall fund the school flexibility fund with the money allocated under 20-9-542 and 20-9-342(2)(c) and with the money raised by the levy under 20-9-544.

(3) The financial administration of the school flexibility fund must be in accordance with the financial administration provisions of this title for a budgeted fund."

Section 3. Section 20-9-622, MCA, is amended to read:

"20-9-622. Guarantee account. (1) There is a guarantee account in the state special revenue fund. The guarantee account is intended to:

(a) stabilize the long-term growth of the permanent fund; and

(b) maintain a constant ~~and increasing~~ distributable revenue stream. All realized capital gains and all distributable revenue must be deposited in the guarantee account as provided in 20-9-342 and 20-9-343. Except as provided in subsections (2) and (3), the guarantee account is statutorily appropriated, as provided in 17-7-502, for distribution to school districts through school equalization aid as provided in 20-9-343.

(2) As long as a portion of the coal severance tax loan authorized in section 8, Chapter 418, Laws of

2001, is outstanding, the department of natural resources and conservation shall monthly transfer from the guarantee account to the general fund an amount that represents the amount of interest income that would be earned from the investment of the amount of the loan that is currently outstanding. When the loan is fully paid, all mineral royalties deposited in the guarantee account must be transferred to the school facility improvement account pursuant to 17-6-340.

(3) The revenue distributed through 20-9-534 must be used for the purposes of 20-9-533."

NEW SECTION. **Section 4. Effective date.** [This act] is effective January 1, 2011.

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